

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA

Financial Statements
For the Year Ended December 31, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/22/09

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Lincoln Parish Fire Protection District No. 1
Ruston, Louisiana

I have audited the accompanying financial statements of the governmental activities and the fund information of the Lincoln Parish Fire Protection District No. 1 (the District), as of and for the year ended December 31, 2008, which collectively comprise the basic financial statements of the Lincoln Parish Fire Protection District No. 1 as listed in the table of contents. These financial statements are the responsibility of the Lincoln Parish Fire Protection District No. 1's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and fund information for the Lincoln Parish Fire Protection District No. 1 as of December 31, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 22, 2009, on my consideration of the Lincoln Parish Fire Protection District No. 1's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Board of Commissioners
Lincoln Parish Fire Protection District No. 1
Page 2

Management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 19 through 22, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

WILLIAM R. HULSEY
Certified Public Accountant



May 22, 2009

**REQUIRED SUPPLEMENTAL INFORMATION (PART A)
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**LINCOLN PARISH FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

Our discussion and analysis of the Lincoln Parish Fire Protection District provides an overview of the District's activities for the year ended December 31, 2008 as compared to 2007. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Fire District as a whole.

**Reporting the District as a Whole
The Statement of Net Assets and the Statement of Activities**

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector entities. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report to the District's net assets and changes in them. The District's net assets (the differences between assets and liabilities) measure the District's financial position. The increases or decreases in the District's net assets are an indicator or whether its financial position is improving or not.

THE FIRE DISTRICT AS A WHOLE

For the year ended December 31, 2008 and 2007, net assets changed as follows:

	<u>2008</u>	<u>2007</u>
Beginning Net Assets	\$3,404,072	\$ 3,567,455
Increase(Decrease) in Net Assets	<u>(319,451)</u>	<u>(163,383)</u>
Ending Net Assets	\$3,084,621	\$ 3,404,072

The Fire District's FUNDS

The following schedule presents a summary of revenues and expenditures for the years ended December 31, 2008 and 2007:

Revenues	2008 Amount	Percent Of Total	2007 Amount	Percent Of Total
Ad Valorem taxes	\$95	0.01%	\$ 38,739	4.30%
Fees and other tax revenue	536,026	78.82%	594,204	65.94%
Grants	14,731	2.17%	25,676	2.85%
Other revenues	129,220	19.00%	242,506	18.96%
Total Revenues	\$680,072	100.00%	\$901,125	100.00%

Expenditures	2008 Amount	Percent Of Total	2007 Amount	Percent Of Total
Public Safety	\$ 745,082	74.54%	\$723,826	68.00%
Capital Outlay	254,441	25.46%	340,682	32.00%
Total Expenditures	\$ 999,523	100.00%	\$1,064,508	100.00%

BUDGETARY HIGHLIGHTS

The Fire District's total revenues in 2008 exceeded the final budgeted amount by \$635. Expenditures were less than budgeted amounts by \$23,787. These variances resulted in an excess of revenue over expenditures budgeted by \$24,422.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At December 31, 2008, the Fire District had \$4,906,465 (\$661,121 net of accumulated depreciation) invested in capital assets including buildings, vehicles, and machinery and equipment as shown below:

	December 31 2007	Additions	Disposals	December 31 2008
Vehicles	\$1,618,603	\$20,803		\$1,639,406
Building	150,581			150,581
Machinery & Equipment	3,120,455		(3,977)	3,116,478
Totals at Historical Cost	\$4,889,639	20,803	(3,977)	4,906,465
Less Accumulated Depreciation	(4,002,511)	(246,810)	3,977	(4,245,344)
Totals, net	\$887,128	(\$226,007)	\$ -	\$661,121

Debt

During 2007, the Fire District paid off its outstanding in general obligation refunding bonds, Series 2001. These bonds matured in April, 2008 and there has not been any additional debt incurred since that time. The District had a total liability for compensated absences of \$1,768 at year end.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Fire District is always seeking additional sources of funding to ensure that training and equipment are the best they can be for the citizens of Lincoln Parish. The voters of Lincoln Parish approved a sales tax that will benefit the District's effort to hire additional permanent firefighters and upgrade existing facilities. As with all other local entities, the volatility of the economy is a concern of the Fire District and it will remain dedicated to the fulfillment of its mission.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about the report or need additional information, contact the following:

Contact Person: Dennis Ford
Title: Director

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
STATEMENT OF NET ASSETS
DECEMBER 31, 2008

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 499,708
Investments	1,381,964
Accounts Receivable	535,731
Prepaid Expenses	7,359
Due from LPPJ	35,964
Depreciable Assets	<u>661,121</u>
TOTAL ASSETS	<u><u>\$ 3,121,847</u></u>
LIABILITIES	
Accounts Payable	\$ 12,458
Due to LPPJ	23,000
Non-Current Liabilities	
Due Within One Year	
Compensated Absences	<u>1,768</u>
TOTAL LIABILITIES	<u>37,226</u>
NET ASSETS	
Invested in Capital Assets.	
Net of Related Debt	661,121
Unrestricted	<u>2,423,500</u>
Total Net Assets	<u>3,084,621</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,121,847</u></u>

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Function/Program Activities					
Government Activities:					
Public Safety	\$ 999,523	\$ 536,026	\$ 14,731	\$ -	\$ (448,766)

General Revenues:

Ad Valorem Taxes	95
Fire Insurance Rebate	54,502
Interest Earned	70,654
Miscellaneous Revenue	4,064
Total General Revenues	129,315
Changes in Net Assets	(319,451)
Net Assets - Beginning	3,404,072
Net Assets - Ending	\$ 3,084,621

The accompanying notes are an integral part of this financial statement.

FUND FINANCIAL STATEMENTS

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Equipment Reserve Fund</u>
ASSETS:			
Cash	\$ 47,600	\$ 85,853	\$ 80,424
Investments	14,839	-	1,367,125
Accounts Receivable	529,968	-	5,763
Prepaid Expenses	7,359	-	-
Due from LPPJ	30,675	-	-
Due from Other Funds	8,454	21	195,075
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 638,895</u></u>	<u><u>\$ 85,874</u></u>	<u><u>\$ 1,648,387</u></u>
 LIABILITIES AND FUND EQUITY:			
LIABILITIES:			
Accounts Payable	\$ 12,411	\$ -	\$ -
Due to LPPJ	94	-	22,906
Due to Other Funds	129,096	84,454	-
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>141,601</u>	<u>84,454</u>	<u>22,906</u>
 FUND BALANCES:			
Reserved for:			
Debt Service	-	1,420	-
Unreserved, Reported in:			
General Fund	497,294	-	1,625,481
Capital Project Fund	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>497,294</u>	<u>1,420</u>	<u>1,625,481</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u><u>\$ 638,895</u></u>	 <u><u>\$ 85,874</u></u>	 <u><u>\$ 1,648,387</u></u>

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCES TO NET ASSETS OF
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2008

<u>Fire Training Center</u>	<u>Total Governmental Funds</u>		
		Total Governmental Fund Balances	\$ 2,425,268
		<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
\$ 285,831	\$ 499,708		
-	1,381,964		
-	535,731		
-	7,359		
5,289	35,964		
<u>10,000</u>	<u>213,550</u>		
<u>\$ 301,120</u>	<u>\$ 2,674,276</u>	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	661,121
\$ 47	\$ 12,458	Compensated absences are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,768)</u>
-	23,000		
-	<u>213,550</u>	Net Assets of Governmental Activities	<u>\$ 3,084,621</u>
<u>47</u>	<u>249,008</u>		
-	1,420		
-	2,122,775		
<u>301,073</u>	<u>301,073</u>		
<u>301,073</u>	<u>2,425,268</u>		
<u>\$ 301,120</u>	<u>\$ 2,674,276</u>		

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Equipment Reserve Fund</u>
Revenues:			
Structure Fees	\$ 536,026	\$ -	\$ -
Ad Valorem Taxes	-	95	-
Grants	4,731	-	-
Other Revenues	85,110	1,019	39,551
Total Revenues	<u>625,867</u>	<u>1,114</u>	<u>39,551</u>
Expenditures:			
Public Safety			
Salaries and Benefits	524,789	-	-
Insurance and Surety Bonds	47,041	-	-
GIS Mapping	20,000	-	-
Professional Services	24,505	-	-
Uniforms	8,354	-	-
Utilities	26,589	-	-
Vehicle Expenditures	42,509	-	-
Maintenance	16,173	-	-
Education and Training	2,172	-	-
Telephone	4,003	-	-
Office Supplies	3,581	-	-
Dues and Subscriptions	836	-	-
Equipment Rental	765	-	-
Travel	1,840	-	-
Miscellaneous	5,440	-	-
Leases and Taxes	1,179	-	-
Materials and Supplies	11,700	-	-
Capital Outlay	7,631	-	20,803
Total Expenditures	<u>749,107</u>	<u>-</u>	<u>20,803</u>
 Excess (Deficiency) of Revenues Over Expenditures	 (123,240)	 1,114	 18,748
 Other Financing Sources (uses):			
Operating Transfers In	-	-	-
Operating Transfers Out	(10,000)	-	-
Total Other Financing Sources(Uses)	<u>(10,000)</u>	<u>-</u>	<u>-</u>
 Net Change in Fund Balance	 (133,240)	 1,114	 18,748
 Fund Balances, Beginning	 <u>630,534</u>	 <u>306</u>	 <u>1,606,733</u>
 Fund Balances, Ending	 <u>\$ 497,294</u>	 <u>\$ 1,420</u>	 <u>\$ 1,625,481</u>

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

<u>Fire Training Center</u>	<u>Total Governmental Funds</u>		
\$ -	\$ 536,026	Net Change in Fund Balances - Total Governmental Funds	\$ (97,524)
-	95		
10,000	14,731		
3,540	129,220	<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
<u>13,540</u>	<u>680,072</u>		
		Government funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
-	524,789	Capital asset purchases capitalized	20,803
1,315	48,356	Depreciation expense	<u>(246,810)</u>
-	20,000		(226,007)
-	24,505		
-	8,354		
2,101	28,690	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	<u>4,080</u>
-	42,509		
4,080	20,253	Change in Net Assets in Governmental Activities	<u>\$ (319,451)</u>
-	2,172		
-	4,003		
9	3,590		
-	836		
-	765		
-	1,840		
-	5,440		
-	1,179		
181	11,881		
-	28,434		
<u>7,686</u>	<u>777,596</u>		
5,854	(97,524)		
10,000	10,000		
-	(10,000)		
<u>10,000</u>	-		
15,854	(97,524)		
<u>285,219</u>	<u>2,522,792</u>		
<u>\$ 301,073</u>	<u>\$ 2,425,268</u>		

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lincoln Parish Fire Protection District No. 1 (the District) of Ruston, Louisiana was created by resolution and adopted by the Police Jury on April 23, 1991. The governing body of the District consists of a seven member Board of Commissioners. Four of these commissioners are appointed by the municipalities of Downsville, Dubach, Simsboro, and the Town of Vienna. Three additional members are appointed by the Policy Jury.

The District complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note.

Basis of Presentation

In June, 1999, the GASB unanimously approved statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the presentation of its funds financial information include, for the first time a Management Discussion and Analysis (MD&A) section providing an analysis of the District’s overall financial position and results of operations and financial statements prepared using full accrual accounting for all fund activities. These and other changes are reflected in the accompanying financial statements including the notes to the financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements – The governmental-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end

Principal revenue sources considered susceptible to accrual include ad valorem taxes, structure fees, and interest on investments. Some revenue items that are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the District’s present appropriation system.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

These revenues have been accrued in accordance with accounting principles generally accepted in the United States of America since they have been earned and are expected to be collected within sixty days of the end of the period. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include:

- Employees' vested annual leave is recorded as an expenditure when utilized. The amount of accumulated annual leave unpaid at December 31, 2008 has been reported only in the government-wide financial statements.
- Interest on general long-term obligations is recognized when paid.
- Debt service expenditures are recorded only when payment is due.

Fund Accounting

The financial activities of the District are recorded in individual funds, each of which is deemed to be a separate accounting entity. The District uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental Funds

General Fund – This fund is established to account for resources devoted to financing the general services that the District performs. Fees and other revenues used to finance the fundamental operation of the District are included in this fund. The fund is charged with all costs of operating the District for which a separate fund has not been established.

Debt Service – This fund is established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than those payable from Enterprise Funds and Special Assessment Funds.

Equipment Reserve Fund – This fund is established to reserve funds for the replacement of equipment when necessary.

Fire Training Center Fund - This fund is established for the purpose of constructing and maintaining a building for training of firefighters.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting Procedures

The budgets for the funds are proposed by the Director and formally adopted by the Commissioners. The budget is prepared on a basis consistent with generally accepted accounting principles. Budgetary amendments involving the transfer of funds from one function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated, require approval of the Commissioners. At year end, all appropriations lapse.

Cash and Cash Equivalents

Cash includes demand deposits and money market accounts. Under state law, the Lincoln Parish Fire Protection District No. 1 may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union or the laws of the United States. Further, the Lincoln Parish Fire Protection District No. 1 may invest in the time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

The District's policy is to include short-term interest bearing deposits having a maturity of three months or less as cash equivalents in the financial statements.

Valuation of Carrying Amounts and Deposits

Cash is reported at net book value – the year-end bank balance plus any deposits in transit and less any outstanding checks that have not cleared the bank as of that date.

Fund Equity

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. There were no restricted net assets at December 31, 2008.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Receivables

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. In the process of aggregating data for the statements of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified.

Quasi-external transactions are accounted for as revenue and expenditures. Transactions that constitute reimbursements to a fund are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the fund that is reimbursed. All other interfund transactions that are not to be repaid are recorded as transfers.

Fixed Assets

Fixed assets of the District are stated at cost and are reported in the government-wide financial statements. Depreciation of all exhaustible fixed assets are charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of 5 years.

Compensated Absences

Employees accrue from 18 to 30 days of annual leave each year depending on years of service with the District. Firemen may receive up to one year's sick leave per illness as prescribed under Louisiana law.

A provision of \$1,768 has been made for the compensated absences and vacation in these financial statements.

NOTE 2 - CASH AND CASH EQUIVALENTS

Custodial Credit Risk - Deposits. The custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy to ensure there is no exposure to this risk is to require each financial institution to pledge its' own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand. Accordingly, the District had no custodial credit risk related to its deposits at December 31, 2008. The District had cash and cash equivalents in demand deposits, totaling \$499,708 at December 31, 2008.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

These deposits are stated at cost, which approximates market. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances other than these backed by the U.S. government) at December 31, 2008, are secured, as follows:

Bank Balances	<u>\$ 499,708</u>
FDIC Insurance	335,853
Pledged Securities (uncollateralized)	<u>654,563</u>
Total	<u>\$ 990,416</u>

NOTE 3 – PROPERTY AND EQUIPMENT

Capital asset activity for the year ended December 31, 2008 is as follows:

	December 31, 2007			December 31, 2008
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
Depreciable Assets:				
Vehicles	\$ 1,618,603	\$ 20,803	\$ -	\$1,639,406
Building	150,581	-	-	150,581
Machinery & Equipment	<u>3,120,455</u>	<u>-</u>	<u>(3,977)</u>	<u>3,116,478</u>
Totals at Historical Cost	<u>4,889,639</u>	<u>20,803</u>	<u>(3,977)</u>	<u>4,906,465</u>
Less Accumulated Depreciation for:				
Vehicles	(1,526,551)	(14,607)	-	(1,541,158)
Building	(13,177)	(3,765)	-	(16,942)
Machinery & Equipment	<u>(2,463,058)</u>	<u>(228,163)</u>	<u>3,977</u>	<u>(2,687,244)</u>
Total Accumulated Depreciation	<u>(4,002,786)</u>	<u>(246,810)</u>	<u>3,977</u>	<u>(4,245,344)</u>
<u>CAPITAL ASSETS, NET</u>	<u>\$ 887,128</u>	<u>\$ (226,007)</u>	<u>\$ -</u>	<u>\$ 661,121</u>

Depreciation was charged to the Public Safety function of the District for \$246,810.

NOTE 4 – INVESTMENTS

Custodial Credit Risk – Investments. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments in United States government securities are held by the District's agent in the District's name. Therefore, the District had no custodial credit risk related to its investments at December 31, 2008.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 4 – INVESTMENTS (Continued)

Under state law, the District may invest funds in obligations of the United States, in federally-insured investments, or in time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At December 31, 2008, the District had the following investments stated at cost, which approximates market:

United States Government Securities	<u>\$ 1,381,964</u>
-------------------------------------	---------------------

Interest Rate Risk. In accordance with its investments policy, the District manages its exposure to declines in fair market values by limiting investment portfolio to “money market investments,; which are defined as creditworthy, highly liquid investments with maturities of one year or less. Although there may be certain circumstances in which longer-term securities are utilized, the general use of long-term securities shall be avoided.

Credit Risk. The District’s investment policy limits investments to fully insured and/or fully-collateralized certificates of deposits and direct and indirect obligations of U.S. governments agencies.

Concentration of Credit Risk. The District’s investment policy limits the District’s investment instruments to: 1) certificates of deposit; 2) certain direct obligations of the U.S. Government; 3) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the United States of America; and 4) the Louisiana Asset Management Pool.

NOTE 5 – ACCOUNTS RECEIVABLE

The receivable of \$535,731 on December 31, 2008, are detailed as follows:

	<u>Total</u>
Structure Fees	\$ 521,815
Other Receivables	<u>13,916</u>
Total	<u>\$ 535,731</u>

Based on prior experience, the uncollectible ad valorem taxes net of proceeds from the sheriff’s sale of property is immaterial, thus no provision has been made for such loss.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 6 – DUE TO/FROM OTHER FUNDS

Individual fund balances due to/from other funds at December 31, 2008, are as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major Funds:		
General Fund	\$ 8,454	\$ 129,096
Debt Service Fund	21	84,454
Fire Training Center	10,000	-
Equipment Reserve Fund	<u>195,075</u>	<u>-</u>
Totals	<u>\$ 213,550</u>	<u>\$ 213,550</u>

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

NOTE 7 - PENSION PLAN

Plan Description

The Firefighters' Retirement System is a defined benefit pension plan covering firefighters employed by any municipality, parish, or fire protection district of the State of Louisiana under the provisions of Louisiana Revised Statutes 11:2251 through 2269.

Under the Firefighters' Retirement System, a member is eligible for normal retirement if he has:

- 20 or more years of service and has attained age 50 or
- 12 years of service and has attained age 55 or
- 25 years of service at any age

Those employees meeting one of these requirements are entitled to annual pension benefits equal to 3 1/3% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Benefits vest upon rendering 12 years of service to the District. Employees may elect to receive their pension benefits in the form of joint and survivor annuity. The District has nine employees covered under this retirement system.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters Retirement System, 3100 Brentwood Drive, Baton Rouge, Louisiana 70809-1752, or by calling (225) 925-4060.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 7 - PENSION PLAN (continued)

Funding Policy

Under the plan, members are required by state statute to contribute 8% of their annual covered salary and the Fire Protection District #1 is required to contribute at an actuarially determined rate. The current rate is 12.5% of annual covered payroll which went into effect in July of 2008. The previous rate was 13.75%. The District's contributions to the System under for the years ending December 31, 2008, 2007, and 2006 were \$50,787, \$35,856, and \$37,637, respectively, equal to the required contributions for each year.

NOTE 8 - LEASE OBLIGATIONS

The Lincoln Parish Fire Protection District No. 1 has entered into twenty leases for real property on which to locate fire stations. The leases have various commencing dates beginning in April 1993, and running through April 1994. All leases run for twenty-five years following the commencing date with an option for the district to renew the lease for an additional twenty-five years thereafter. All leases are for \$1 per year. Leases shall expire on their own terms if a fire station, fire protection facility or similar structure is not constructed on the leased premises within twenty-four months from the date the agreement is executed by the lessor. Additionally, leases shall expire if the fire station, fire protection facility or other similar structure is not equipped with appropriate fire protection equipment or ceases to be used as a fire protection facility for the period of twenty-four consecutive months.

Because the leases are operating leases, no provision for the underlying property has been made in general fixed assets nor have the leases been reflected as general long-term debt. The following is a schedule of future minimum lease payments:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2008	\$ 20
2009	20
2010	20
2011	20
2012	20
2013-2017	100
2018	<u>20</u>
Total minimum payments required	<u>\$ 220</u>

NOTE 9 - LONG-TERM DEBT

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reduction</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Government Activities:					
Accrued Vacation and Sick Time	<u>\$ 5,848</u>	<u>\$ -</u>	<u>\$ 4,080</u>	<u>\$ 1,768</u>	<u>\$ 1,768</u>

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 10 - DEFERRED COMPENSATION PLAN

Employees of the Lincoln Parish Fire Protection District No. 1 may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the Lincoln Parish Fire Protection District No. 1. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. In accordance with the provisions of GASB Statement No. 32 and No.34, plan balances and activities are not reflected in the financial statements of the Lincoln Parish Fire Protection District No. 1.

NOTE 11 - LITIGATION AND CLAIMS

According to the Parish District Attorney, the Lincoln Parish Fire Protection District No. 1 had no pending or threatened litigation as of December 31, 2008.

NOTE 12 - COMPENSATION FOR THE BOARD OF COMMISSIONERS

The members of the Board for the Fire Protection District No. 1 receive no compensation.

NOTE 13- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget/Actual Variances

When comparing budget to actual amounts for the year ended December 31, 2008, there was no governmental fund types that had unfavorable variances greater than 5%.

NOTE 14- RETIREE HEALTH INSURANCE

As of December 31, 2008, the Fire District had no provision for payment of retiree health insurance.

**REQUIRED SUPPLEMENTAL INFORMATION (PART B)
BUDGETARY COMPARISON SCHEUDLES**

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues (Inflows):</u>				
Intergovernmental:				
Local Grant	\$ 8,000	\$ 4,731	\$ 4,731	\$ -
State Grant	885,000	-	-	-
Charges for Services	535,896	536,026	536,026	-
Other Revenues	81,500	87,110	85,110	(2,000)
Total Revenues	<u>1,510,396</u>	<u>627,867</u>	<u>625,867</u>	<u>(2,000)</u>
<u>Expenditures (Outflows):</u>				
Public Safety				
Salaries and Benefits	425,709	526,997	524,789	2,208
Insurance and Surety Bonds	40,185	47,041	47,041	-
GIS Mapping	20,000	20,000	20,000	-
Professional Services	19,050	24,505	24,505	-
Uniforms	10,000	8,354	8,354	-
Utilities	22,000	25,000	26,589	(1,589)
Vehicle Expenditures	25,000	43,805	42,509	1,296
Maintenance	20,000	16,235	16,173	62
Education and Training	5,000	2,172	2,172	-
Telephone	3,100	4,027	4,003	24
Office Supplies	3,000	6,125	3,581	2,544
Dues and Subscriptions	1,325	836	836	-
Equipment Rental	705	779	765	14
Travel	1,000	1,840	1,840	-
Miscellaneous	1,400	5,062	5,290	(228)
Leases and Taxes	1,140	1,179	1,179	-
Materials and Supplies	25,000	11,825	11,700	125
Election Expenses	-	19,800	150	19,650
Capital Outlay	950,000	7,412	7,631	(219)
Total Expenditures	<u>1,573,614</u>	<u>772,994</u>	<u>749,107</u>	<u>23,887</u>
<u>Excess Expenditures Over Revenues</u>	(63,218)	(145,127)	(123,240)	21,887
<u>Other Financing Uses</u>				
Transfers Out	(19,156)	(10,000)	(10,000)	-
<u>Fund Balance at Beginning of Year</u>	<u>630,534</u>	<u>630,534</u>	<u>630,534</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 548,160</u>	<u>\$ 475,407</u>	<u>\$ 497,294</u>	<u>\$ 21,887</u>

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - EQUIPMENT RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues (Inflows):</u>				
Other Revenues	\$ 60,000	\$ 36,856	\$ 39,551	\$ 2,695
Total Revenues	<u>60,000</u>	<u>36,856</u>	<u>39,551</u>	<u>2,695</u>
<u>Expenditures (Outflows):</u>				
Capital Outlay	30,000	20,805	20,803	2
Total Expenditures	<u>30,000</u>	<u>20,805</u>	<u>20,803</u>	<u>2</u>
<u>Excess (Deficiency) of Revenues Over Expenditures</u>				
	30,000	16,051	18,748	2,697
<u>Other Financing Sources</u>				
Transfers In	9,156	-	-	-
<u>Fund Balance at Beginning of Year</u>				
	<u>1,606,733</u>	<u>1,606,733</u>	<u>1,606,733</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>				
	<u>\$ 1,645,889</u>	<u>\$ 1,622,784</u>	<u>\$ 1,625,481</u>	<u>\$ 2,697</u>

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - FIRE TRAINING CENTER
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues (Inflows):</u>				
Grant Revenue	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Other Revenues	3,400	3,600	3,540	(60)
Total Revenues	<u>13,400</u>	<u>13,600</u>	<u>13,540</u>	<u>(60)</u>
<u>Expenditures (Outflows):</u>				
Office Expense	100	-	9	(9)
Maintenance	2,500	4,080	4,080	-
Utilities	2,000	2,075	2,101	(26)
Materials & Supplies	500	105	181	(76)
Insurance	-	1,315	1,315	-
Miscellaneous Costs	100	9	-	9
Acquisition of Training Props	10,000	-	-	-
Total Expenditures	<u>15,200</u>	<u>7,584</u>	<u>7,686</u>	<u>(102)</u>
<u>Excess (Deficiency) of Revenues Over</u> <u>Expenditures</u>	(1,800)	6,016	5,854	(162)
<u>Other Financing Sources</u>				
Transfers In	10,000	10,000	10,000	-
Fund Balance at Beginning of Year	<u>285,219</u>	<u>285,219</u>	<u>285,219</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 293,419</u>	<u>\$ 301,235</u>	<u>\$ 301,073</u>	<u>\$ (162)</u>

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2008

The budgets for the funds are proposed by the Director and formally adopted by the Commissioners. The budget is prepared on a basis consistent with generally accepted accounting principles. Budgetary amendments involving the transfer of funds from one function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated, require approval of the Commissioners. At year end, all appropriations lapse.

State law requires the District to amend its budgets when revenues plus projected revenues within a fund are expected to fall short from budgeted revenues by five percent or more and when expenditures and other uses of a fund are expected to exceed budgeted amounts by five percent or more.

MEMBER
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Lincoln Parish Fire Protection District No. 1
Ruston, Louisiana

I have audited the financial statements of the Lincoln Parish Fire Protection District No. 1 as of and for the year ended December 31, 2008, and have issued my report thereon dated May 22, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Lincoln Parish Fire Protection District No. 1's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

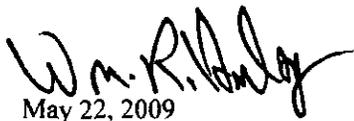
Board of Commissioners
Lincoln Parish Fire Protection District No. 1
Ruston, Louisiana
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lincoln Parish Fire Protection District No. 1's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the committee, the Legislative Auditor, the Lincoln Parish Police Jury and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

WILLIAM R. HULSEY
Certified Public Accountant


May 22, 2009

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008

Board of Commissioners
Lincoln Parish Fire Protection District No. 1
Ruston, Louisiana

I have audited the financial statements of the Lincoln Parish Fire Protection District No. 1 (the District) as of and for the year ended December 31, 2008, and have issued my report thereon dated May 22, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2008, resulted in an unqualified opinion.

SECTION I - Summary of Auditors' Results

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness _____ yes X no

Significant Deficiencies not considered to be
Material Weaknesses _____ yes X no

Compliance

Compliance Material to Financial Statements _____ yes X no

B. Federal Awards

Material Weakness Identified _____ yes X no

Significant Deficiencies not considered to be
Material Weaknesses _____ yes X no

Type of Opinion on Compliance For Major Programs (No Major Programs)

Unqualified _____ Qualified _____

Disclaimer _____ Adverse _____

Are their findings required to be reported in accordance with Circular A-133,
Section .510 (a)? N/A

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster)
CFDA Number(s)

Dollar threshold used to distinguish between Type A and Type B Programs. N/A

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? N/A

SECTION II - Financial Statement Findings

No matters were reported.

SECTION III - Federal Award Findings and Questioned Costs

No matters were reported.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2008

There were no prior year findings in my report issued May 30, 2008.